

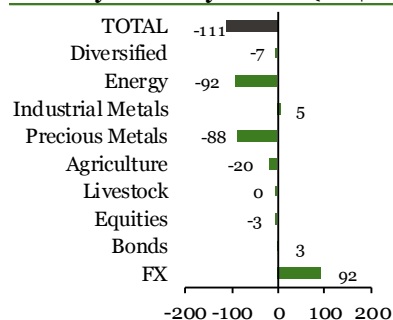
19 December 2016

ETF Securities Weekly Flows Analysis

Investors took record contrarian positions as the US dollar rallied

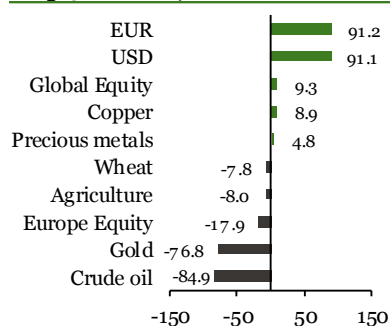
- **Investors cast doubt on US Dollar rally as they place US\$99mn in short USD long EUR ETPs**
- **2017 will likely continue to benefit cyclical and alternative ETPs such as copper and robotics as tail risks decline in the US**
- **Headwinds continue for oil and gold ETPs as oil prices remain near 6 month high while gold heads towards its lowest level in 2016**

Weekly Flows by Sector (US\$m)



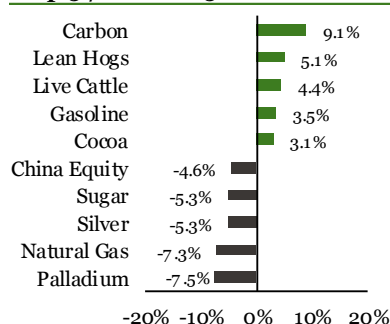
After a 1% rally in the US Dollar, investors bet against the greenback. US Federal Reserve (Fed) governors surprised the market last week by increasing their expectations of rate hikes next year to three from two previously in their so-called ‘dot plots’. Their first rate increase in a year was well anticipated however. The European Central Bank (ECB), on the other hand, continues to diverge with the Fed, extending its bond-buying program to December 2017 and reducing the amount to buy per month from €80bn to €60bn from April next year. The surprising change in the Fed’s dot plot and policy divergence between the central banks sent the US dollar 1% higher against the Euro and 0.7% higher against the Sterling last week. ETP investors appear to think the move is overdone and placed US\$99mn into short USD, long EUR ETPs and sold US\$10mn out of long USD, short EUR ETPs.

Top 5 Inflows/Outflows (US\$m)



We expect 2017 to benefit both cyclical and alternative assets. Investors have been piling into industrial metals ETPs, adding US\$246mn inflows since February 2016 while robotics and cybersecurity ETPs recorded US\$127mn and US\$47mn inflows respectively this year. 2017 will likely see a large rotation in investors’ portfolio allocation as US and EU monetary policies diverge further, US treasury yields surge, while a strong US dollar weighs on gold despite the populist threat underpinning demand for the haven asset. We see cyclical assets such as base metals or alternative assets as the next year’s winners (albeit after a short-term correction).

Top 5 / Bottom 5 Performers



Profit taking from oil ETPs continue as oil remains nears 6-month high. As mentioned in our blog, [The mirage of deep oil production cuts](#), we believe market’s optimism following the OPEC meeting at the end of November is overdone. After rising 5.3% on average earlier this month following the meeting, oil prices jumped above the upper end of our range (US\$55/bbl.) in the wake of Saudi Arabia’s announcement earlier last week about potentially cutting production further. While non-OPEC countries have also reduced production, we believe oil prices will pull back as investors acknowledge the gap between the OPEC’s promises and the numbers that will be published in the next oil report. The likelihood for US tight oil to turn on the tap again will add further pressure to oil prices.

Gold close to ending year where it started. Gold ETPs saw US\$76.8mn of outflows as its price slipped further. With the Fed unwilling to let inflation rise further, the yellow metal tumbled 2.7% last week and is likely to see further downward pressure next year as the Fed implements a more aggressive rate policy which lead to US dollar appreciation. While political uncertainty remains elevated in Europe with the Brexit and the upcoming elections in the Netherlands, France and Germany, we believe the [USD will continue to be a heavier driver of the gold price.](#)

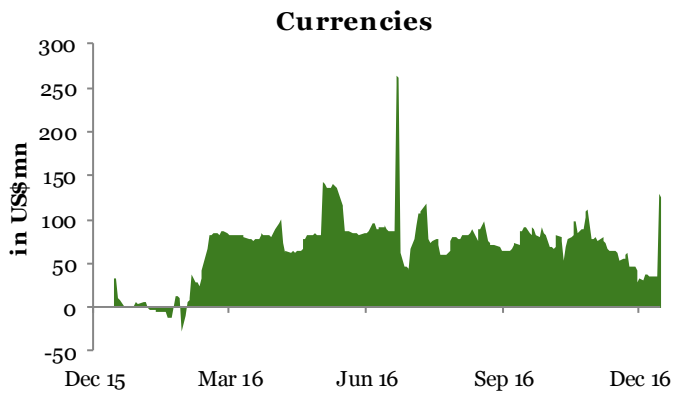
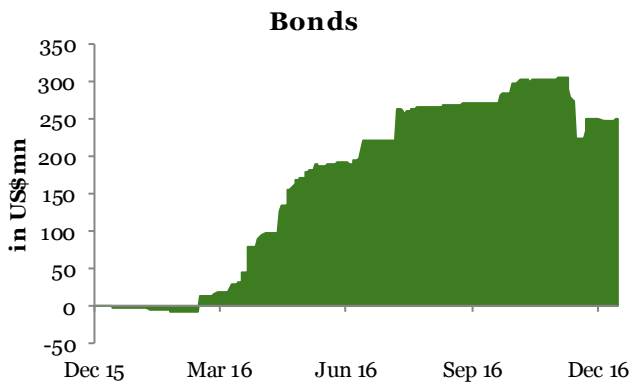
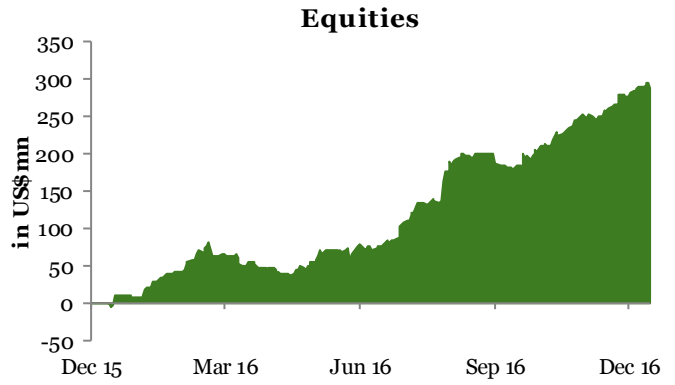
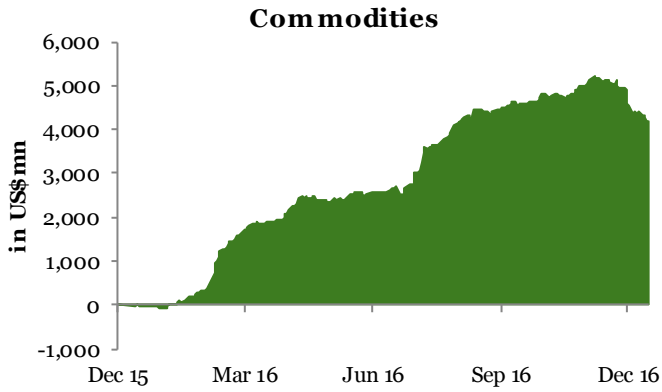
Source: ETF Securities
 Note: see next page (*)

ETF Securities Commodity ETP Flow Trends

	ETP FLOWS (in US\$m)				ASSETS (in \$m)	PERFORMANCE (US\$)			
	-1 Week	-1 Month	YTD	-1 Year		-1 Week	-1 Month	YTD	-1 Year
TOTAL	-110.7	-807.3	4,911.2	4,872.5	19,511				
Diversified	-7.3	31.8	380.2	387.3	1,024				
Precious Metals	-87.7	-674.5	3,894.5	3,830.4	13,686				
Basket	4.8	14.5	116.4	117.2	415	-2.8%	-5.3%	7.9%	6.9%
Gold	-76.8	-671.4	3,506.2	3,456.0	10,773	-2.8%	-6.6%	6.1%	6.1%
Silver	-3.0	23.8	232.3	231.0	1,307	-5.3%	-2.8%	15.6%	15.6%
Platinum	-5.5	-3.2	110.4	106.2	799	-2.3%	-2.1%	3.2%	5.6%
Palladium	-7.2	-38.2	-70.7	-80.0	391	-7.5%	-4.2%	25.2%	23.8%
Energy	-91.5	-278.6	-213.8	-188.1	1,823				
Basket	-1.5	-33.1	-96.4	-98.0	87	-0.5%	14.4%	10.9%	16.8%
Crude oil	-84.9	-236.3	-101.9	-71.6	1,601	1.4%	14.3%	21.9%	22.9%
Natural Gas	-1.1	-9.3	-13.6	-16.5	94	-7.3%	16.6%	1.9%	22.0%
Heating Oil	-2.3	0.3	0.2	0.1	6.2	2.5%	14.1%	29.3%	27.3%
Gasoline	-1.7	-0.1	-2.0	-2.0	34	3.5%	16.1%	0.0%	0.8%
Carbon			-0.1	-0.1	0.7	9.1%	-13.3%	-44.1%	-42.9%
Industrial Metals	4.6	-8.7	172.0	173.6	713				
Basket	-3.0	-20.7	83.7	83.4	237	-2.0%	3.5%	23.6%	25.3%
Aluminium	0.2	2.3	2.8	2.6	100	-1.9%	1.2%	10.2%	10.3%
Copper	8.9	-10.6	75.8	78.5	208	-3.1%	3.4%	17.3%	18.5%
Nickel	-1.0	8.4	2.5	2.0	126	-2.6%	2.8%	23.6%	24.2%
Zinc	-0.4	11.1	6.7	6.7	33	0.7%	7.2%	65.4%	75.4%
Tin		0.2	-0.6	-0.6	4.9	1.5%	5.2%	47.2%	45.2%
Lead		0.7	1.1	1.0	3.9	-3.2%	4.7%	22.3%	30.6%
Agriculture	-20.2	6.9	27.7	25.1	647				
Basket	-8.0	2.6	-24.2	-24.7	294	-1.0%	-1.2%	2.7%	0.4%
Wheat	-7.8	-8.2	91.2	93.0	143	-1.7%	-3.8%	-24.6%	-27.2%
Corn	-6.0	-1.0	26.4	26.1	61	-0.9%	0.7%	-9.6%	-13.4%
Soybeans	1.9	3.0	5.8	5.8	18	-0.2%	4.2%	18.5%	14.7%
Cotton	-0.5	-1.3	-22.9	-24.1	11	0.3%	-1.8%	10.1%	9.3%
Coffee	3.8	6.1	-33.1	-33.5	64	2.2%	-12.2%	1.5%	8.1%
Sugar	-3.7	-0.6	-30.8	-32.5	30	-5.3%	-9.6%	13.6%	14.6%
Soybean Oil	-0.6	0.8	0.8	0.9	4.4	-0.5%	7.1%	13.5%	13.3%
Cocoa	0.7	5.6	14.4	13.9	22	3.1%	-7.8%	-30.2%	-31.1%
Livestock	-0.4	-2.0	-1.9	-2.0	14				
Basket		0.0	-4.1	-3.8	1.9	4.6%	10.5%	-8.0%	-0.8%
Lean Hogs	-0.3	-1.9	1.6	1.2	9.1	5.1%	19.4%	-6.0%	-0.8%
Live Cattle	-0.1	0.0	0.5	0.6	2.6	4.4%	5.9%	-8.9%	-0.7%
Equities	-3.2	27.8	278.0	276.2	750				
Global	9.3	27.5	186.1	187.1	332	-0.5%	3.3%	7.9%	9.8%
US	1.0	4.4	12.1	11.6	92	0.0%	3.6%	12.8%	15.1%
Europe	-17.9	-9.7	55.6	53.4	279	1.8%	6.6%	0.4%	1.6%
Asia	4.4	4.4	13.4	13.4	32	-4.6%	-3.7%	-18.3%	-19.0%
Australia		1.2	10.8	10.8	15.2	-0.5%	3.0%	8.9%	13.1%
Bonds	3.3	26.4	253.6	253.8	351				
Global			28.6	28.6	92	-0.9%	-1.7%	1.5%	1.3%
Europe			-4.7	-4.7	26	0.3%	0.1%	2.7%	2.3%
Emerging Markets	3.3	26.4	229.7	229.9	233	-0.9%	0.5%	8.3%	7.9%
FX	91.7	63.7	121.0	116.2	503				
G10		0.1	1.7	1.7	1.9				
USD	91.1	95.7	81.9	77.1	396	1.3%	1.7%	4.4%	4.3%
CAD	0.0	-0.1	-0.7	0.0	3.9	-1.2%	1.7%	4.7%	4.6%
EUR	91.2	61.7	113.8	107.3	397	-0.1%	-0.7%	0.7%	1.0%
GBP	2.0	-22.9	9.3	8.9	87	-0.4%	1.9%	-13.4%	-14.2%
CHF	-0.2	0.6	-11.0	-10.4	14.6	0.3%	-0.2%	1.1%	0.9%
NOK	-0.2	-2.0	0.0	0.7	8.1	-0.8%	0.2%	8.2%	6.8%
SEK			4.0	4.0	7.4	-0.9%	-0.1%	-5.7%	-4.7%
JPY	-0.4	-4.8	34.7	34.3	57	-2.0%	-6.0%	4.7%	5.3%
CNY		0.0	1.6	1.6	4.1	0.2%	0.2%	-3.4%	-3.7%
INR			-0.1	-0.1	0.8	0.3%	1.4%	2.1%	2.6%
AUD		-0.6	-4.8	-5.0	8.7	-0.7%	1.5%	2.1%	3.2%
NZD		-0.2	0.3	0.3	1.5	-1.0%	1.0%	5.1%	6.7%
Commodity FX			-0.7	-0.7	0.4				

(*) All data as at 16 Dec 16, based on ETF Securities global commodity ETP flows and assets. In FX due to being pair trades there is double counting. Price performance is based on NAV data for commodities, indices for Bonds & Equities, Trade weighted indices for FX
Source: ETF Securities, Bloomberg

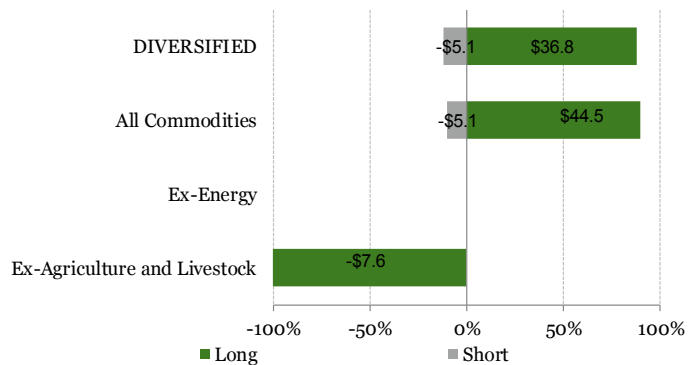
Net Cumulative Flows by Asset Classes over the past year



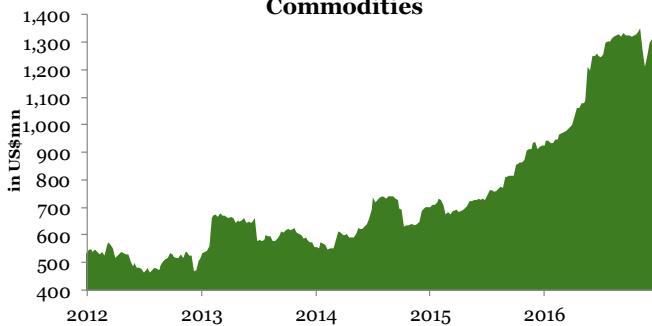
All Commodity ETPs Flows Analysis

	FLOWS (in \$m)			
	-1 Week	-1 Month	YTD	-1 Year
Diversified	-7.3	31.8	380.2	387.3
All Commodities	-2.3	39.4	362.6	362.7
Ex-Energy			0.1	0.0
Ex-Agriculture and Livestock	-5.0	-7.6	17.5	24.6

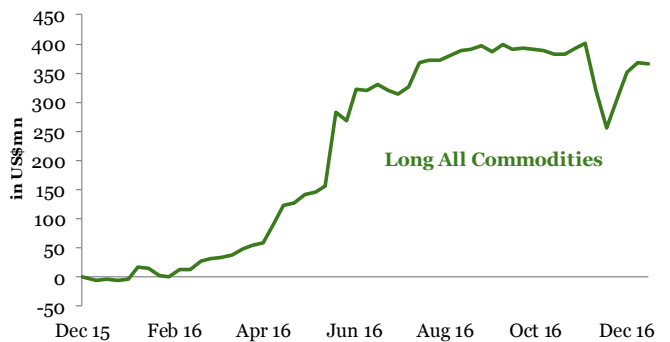
Past Month Flows in Diversified ETPs



Net Cumulative Flows into Diversified Commodities



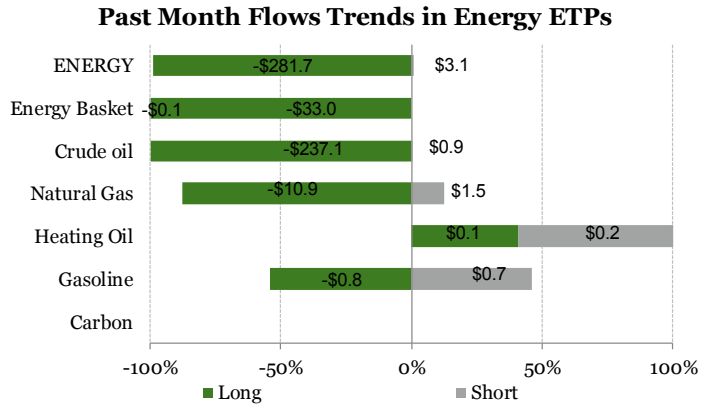
Most significant flows over the month



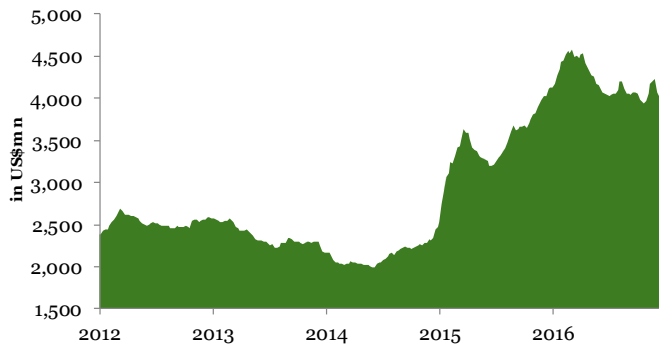
Source: ETF Securities

Energy ETPs Flows Analysis

	FLOWS (in \$m)			
	-1 Week	-1 Month	YTD	-1 Year
Energy	-91.5	-278.6	-213.8	-188.1
Energy Basket	-1.5	-33.1	-96.4	-98.0
Crude oil	-84.9	-236.3	-101.9	-71.6
Natural Gas	-1.1	-9.3	-13.6	-16.5
Heating Oil	-2.3	0.3	0.2	0.1
Gasoline	-1.7	-0.1	-2.0	-2.0
Carbon			-0.1	-0.1

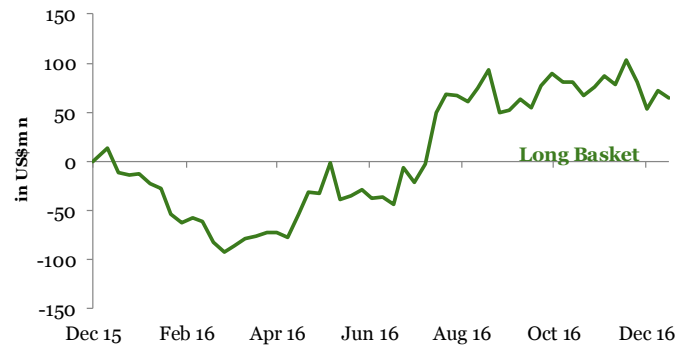


Net Cumulative Flows into Energy



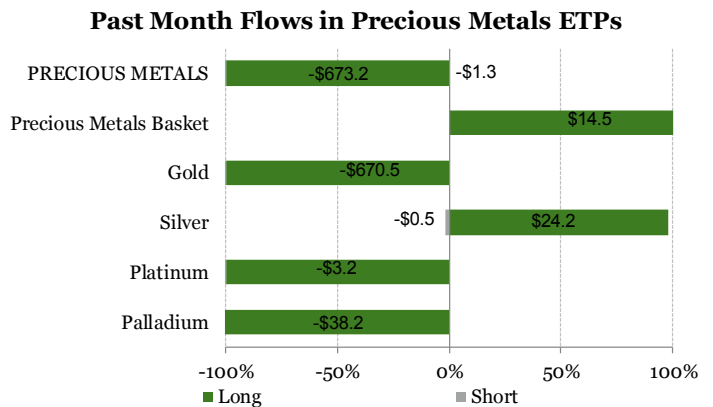
Source: ETF Securities

Most significant flows over the month

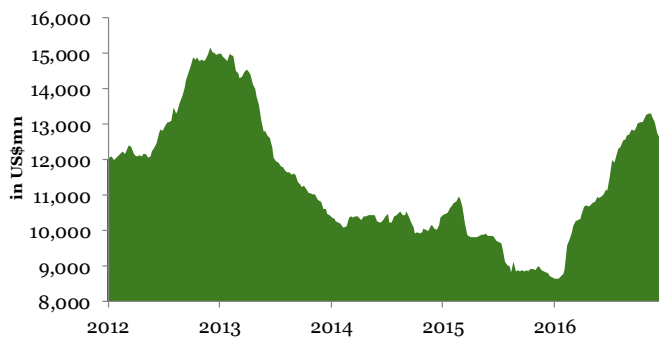


Precious Metals ETPs Flows Analysis

	FLOWS (in \$m)			
	-1 Week	-1 Month	YTD	-1 Year
Precious Metals	-87.7	-674.5	3,894.5	3,830.4
Precious Metals Basket	4.8	14.5	116.4	117.2
Gold	-76.8	-671.4	3,506.2	3,456.0
Silver	-3.0	23.8	232.3	231.0
Platinum	-5.5	-3.2	110.4	106.2
Palladium	-7.2	-38.2	-70.7	-80.0

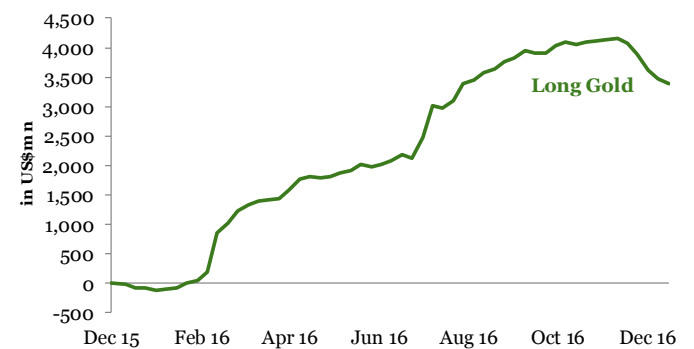


Net Cumulative Flows into Precious Metals



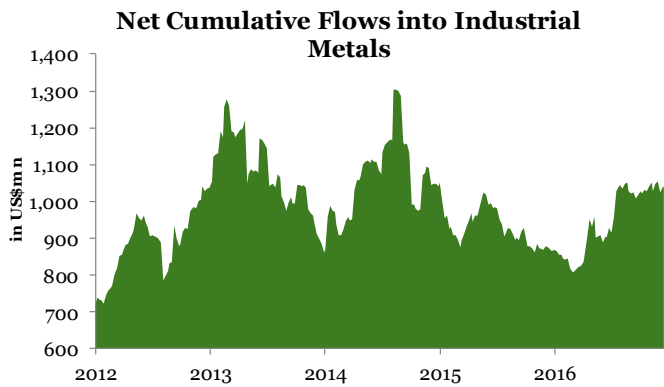
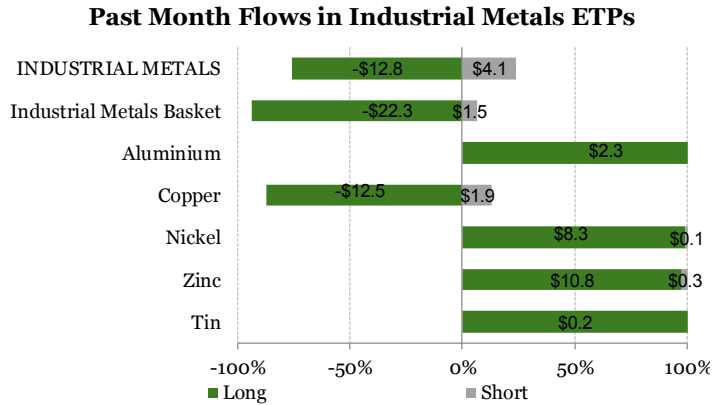
Source: ETF Securities

Most significant flows over the month

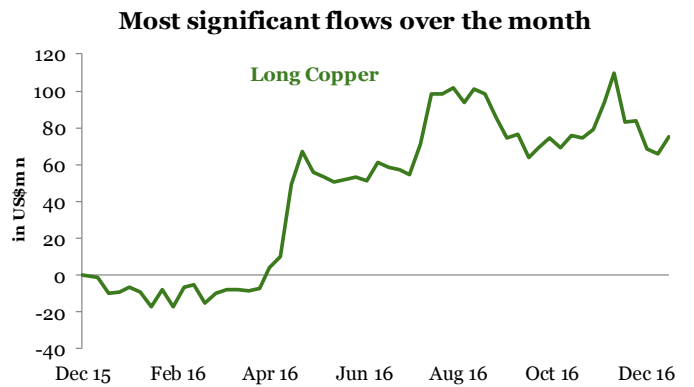


Industrial Metals ETPs Flows Analysis

	FLOWS (in \$m)			
	-1 Week	-1 Month	YTD	-1 Year
Industrial Metals	4.6	-8.7	172.0	173.6
Industrial Metals Basket	-3.0	-20.7	83.7	83.4
Aluminium	0.2	2.3	2.8	2.6
Copper	8.9	-10.6	75.8	78.5
Nickel	-1.0	8.4	2.5	2.0
Zinc	-0.4	11.1	6.7	6.7
Tin		0.2	-0.6	-0.6
Lead		0.7	1.1	1.0

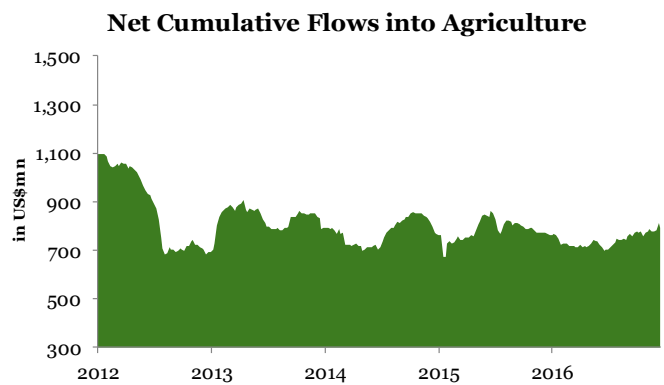
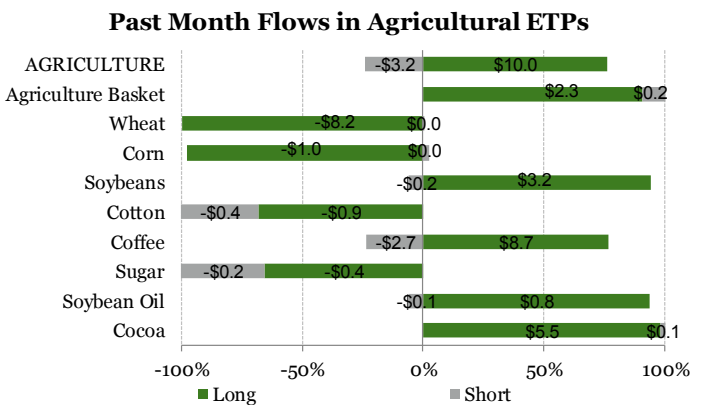


Source: ETF Securities

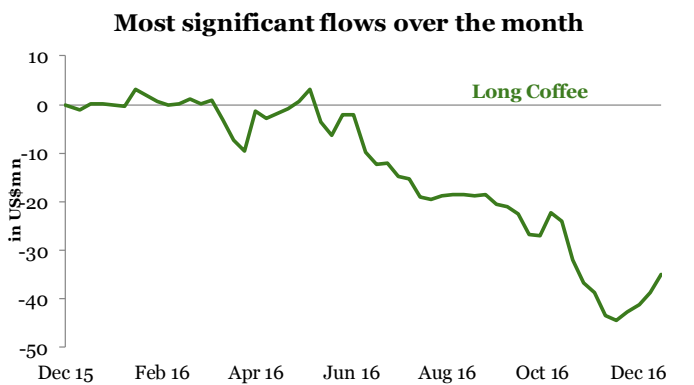


Agriculture ETPs Flows Analysis

	FLOWS (in \$m)			
	-1 Week	-1 Month	YTD	-1 Year
Agriculture	-20.2	6.9	27.7	25.1
Agriculture Basket	-8.0	2.6	-24.2	-24.7
Wheat	-7.8	-8.2	91.2	93.0
Corn	-6.0	-1.0	26.4	26.1
Soybeans	1.9	3.0	5.8	5.8
Cotton	-0.5	-1.3	-22.9	-24.1
Coffee	3.8	6.1	-33.1	-33.5
Sugar	-3.7	-0.6	-30.8	-32.5
Soybean Oil	-0.6	0.8	0.8	0.9
Cocoa	0.7	5.6	14.4	13.9

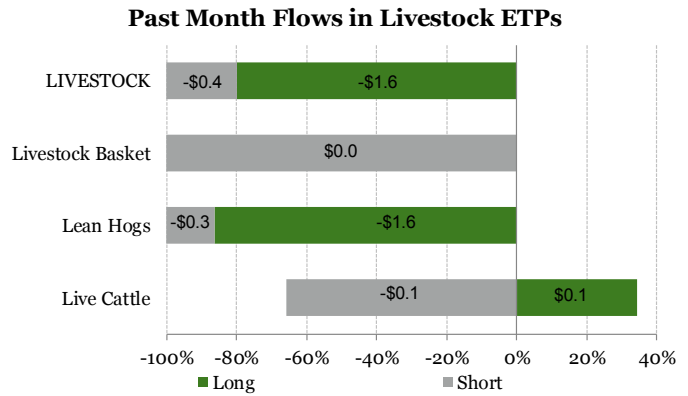


Source: ETF Securities

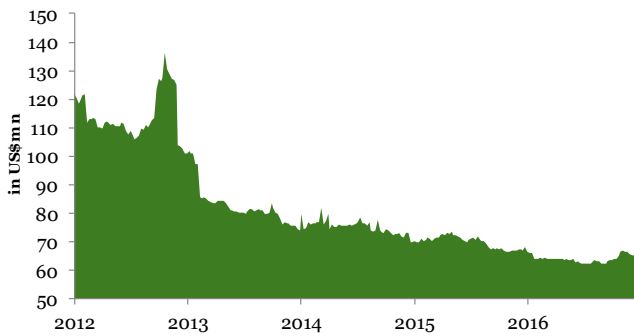


Livestock ETPs Flows Analysis

	FLOWS (in \$m)			
	-1 Week	-1 Month	YTD	-1 Year
Livestock	-0.4	-2.0	-1.9	-2.0
Livestock Basket		0.0	-4.1	-3.8
Lean Hogs	-0.3	-1.9	1.6	1.2
Live Cattle	-0.1	0.0	0.5	0.6

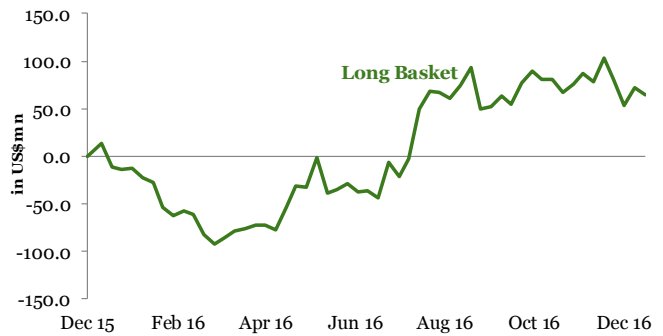


Net Cumulative Flows into Livestock



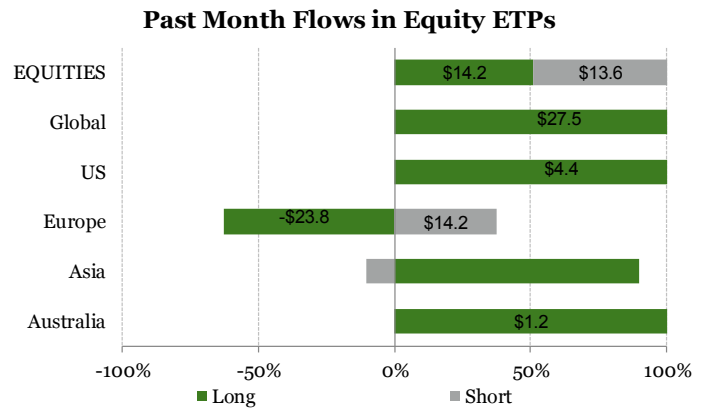
Source: ETF Securities

Most significant flows over the month

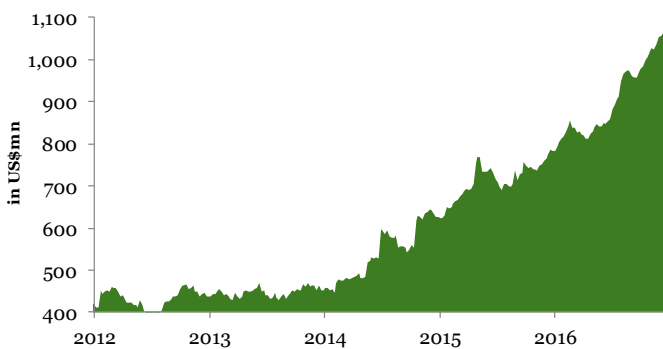


Equity ETPs Flows Analysis

	FLOWS (in \$m)			
	-1 Week	-1 Month	YTD	-1 Year
Region	-3.2	27.8	278.0	276.2
Global	9.3	27.5	186.1	187.1
US	1.0	4.4	12.1	11.6
Europe	-17.9	-9.7	55.6	53.4
Asia	4.4	4.4	13.4	13.4
Australia		1.2	10.8	10.8
Style	1.0	2.5	-8.1	-9.5
Large Cap			-2.3	-2.3
Small Cap		-1.5	-14.1	-15.6
MLP	1.0	4.0	8.4	8.4
Gold Miners			12.3	12.3
Robo	8.3	19.6	127.1	128.0
Cyber	1.0	7.9	46.8	46.8

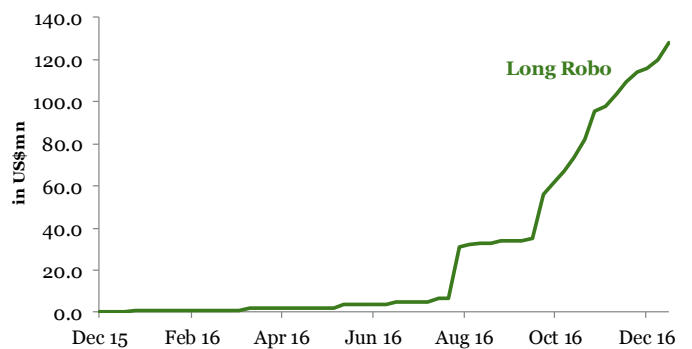


Net Cumulative Flows into Equities



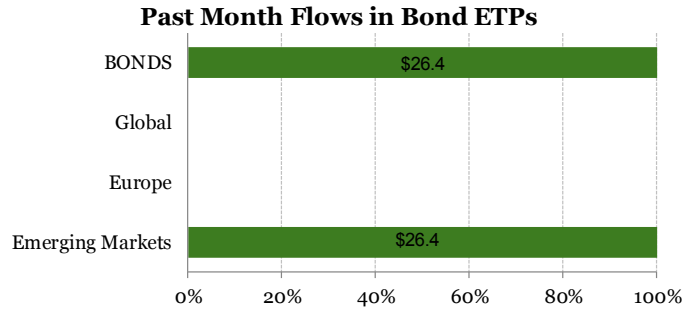
Source: ETF Securities

Most significant flows over the month

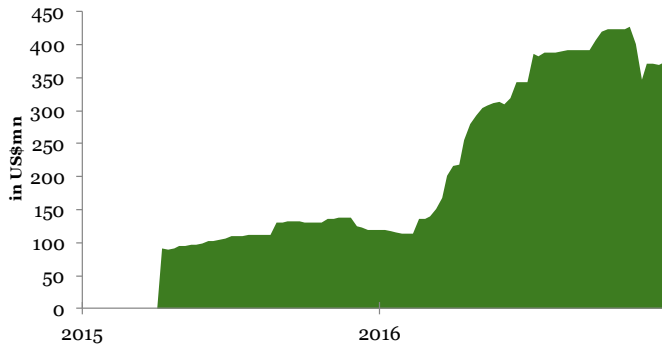


Bond ETPs Flows Analysis

	FLOWS (in \$m)			
	-1 Week	-1 Month	YTD	-1 Year
Bonds	3.3	26.4	253.6	253.8
Global			28.6	28.6
Europe			-4.7	-4.7
Emerging Markets	3.3	26.4	229.7	229.9
Government	3.3	26.4	242.1	242.4
Corporate			11.5	11.5

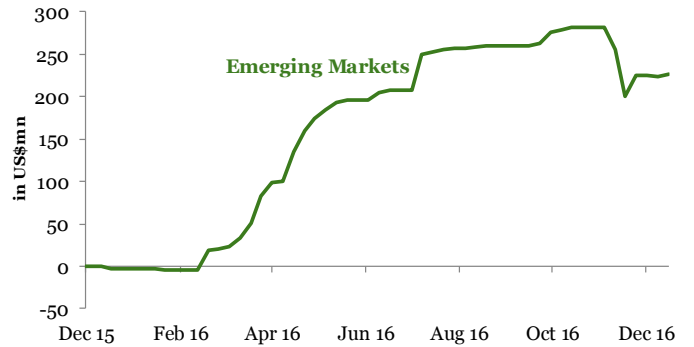


Net Cumulative Flows into Bonds



Source: ETF Securities

Most significant flows over the month

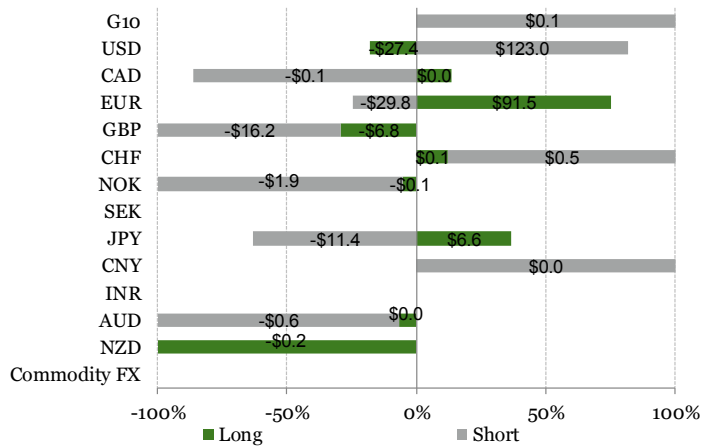


Currency ETPs Flows Analysis

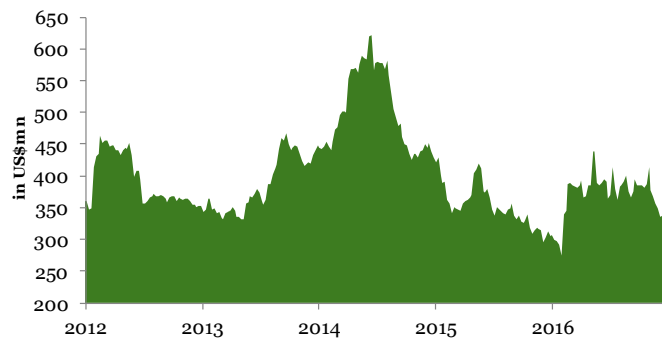
	FLOWS (in \$m)			
	-1 Week	-1 Month	YTD	-1 Year
FX	91.7	63.7	121.0	116.2
G10		0.1	1.7	1.7
USD	91.1	95.7	81.9	77.1
CAD	0.0	-0.1	-0.7	0.0
EUR	91.2	61.7	113.8	107.3
GBP	2.0	-22.9	9.3	8.9
CHF	-0.2	0.6	-11.0	-10.4
NOK	-0.2	-2.0	0.0	0.7
SEK			4.0	4.0
JPY	-0.4	-4.8	34.7	34.3
CNY		0.0	1.6	1.6
INR			-0.1	-0.1
AUD		-0.6	-4.8	-5.0
NZD		-0.2	0.3	0.3
Commodity FX			-0.7	-0.7

n.b. Due to each currency being a pair, there is double counting in the flow data

Past Month Flows in Currency ETPs

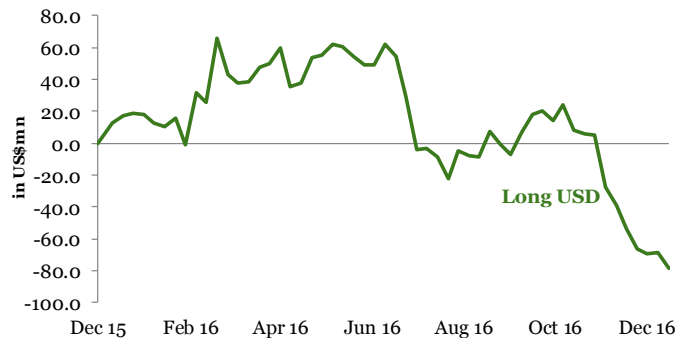


Net Cumulative Flows into Currencies



Source: ETF Securities

Most significant flows over the month



Important Information

General

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